

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NORTH CAROLINA
WESTERN DIVISION

UNITED STATES OF AMERICA,)
)
 Plaintiff,)
)
 -vs-) No. 5:07-CV-117 (FL)
)
 RAYMOND A. RENFROW,)
 Individually and d/b/a)
 IDEAL TAX SERVICES and)
 FIRST CLASS LIMOUSINE,)
)
 Defendant.)

UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF MISSOURI

UNITED STATES OF AMERICA,)
)
 Plaintiff,)
)
 -vs-) No. 4:07-0621-CV-DW
)
 JAMES E. ALDRIDGE, JR.,)
 Individually and as the)
 Trustee of the CONCEPT)
 MARKETING INTERNATIONAL)
 TRUST,)
)
 Defendant.)

THE DEPOSITION OF YVONNE PATRICIA HUTSON,
produced, sworn and examined on behalf of the
Plaintiffs, pursuant to Notice, on Monday, February
11, 2008, at the offices of the United States
Attorney, 400 East Ninth Street, Fifth Floor, in
the City of Kansas City, in the County of Jackson
and State of Missouri, before me,

ALISON A. TRACY, CCR #554
Certified Court Reporter
State of Missouri

1 program you decided to be in and then that was your
2 monthly purchase order.

3 Q What kind of different programs did they have or
4 did they have at that time?

5 A They just had different levels as far as within
6 the -- it has been a long time ago. I apologize.
7 They had the, I guess it was the Silver Streak, the
8 Eagle, Double Eagle, that type of level. And I
9 can't remember all the levels right now but that's
10 kind of what that was.

11 Q Do you remember what level you chose?

12 A It was probably the Silver Streak level which was I
13 guess the small one or the starter one, whatever
14 that was, so that's the one that I started with.

15 Q So if someone went to a CMI seminar and decided I
16 would like to join this and I want to join at say
17 the lowest level because I don't have a ton of
18 money to put into this every month, and so one
19 enters into that purchasing agreement and signs up
20 as a member, what happens next? Briefly tell me
21 how the CMI program works.

22 A Basically it is a referral program. It is direct
23 sales. Persons who come in are referred through
24 some other member in the company. Once that is
25 done, that person can choose to either just make

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5 Q You said that CMI is a program of direct sales.
6 What would you say is the product that you are
7 selling?

8 A The direct sales is actually the Silver Eagle, the
9 coin, the Silver Eagle coin.

10 Q So when you approach a potential referral, what
11 would you tell that potential referral about the
12 advantages of membership, why they should join?

13 A At that time it was one where if you want to earn
14 some additional money, I guess, you could do that
15 part-time, referring persons to the program. Other
16 than that, at the time that was about it. So it
17 was a way of showing people how to earn some
18 additional income. And then once they did that,
19 then they would be able to go to the seminars to
20 learn whatever else they needed to learn as far as
21 how to be effective I guess in the referral
22 business, I guess.

23 Q So are you able, as part of CMI, are you able to
24 sell coins to non members?

25 A Not that I'm aware of, no.

1 Q So as part of the direct sales, in order to make
2 the sale you have to convince the person to join
3 CMI?

4 A I wouldn't so much say convince, it is just
5 whatever the literature that we have as far as
6 explaining to them what the company is about or
7 what you have to do. I think that would be where
8 we would be not so much convincing but it would
9 just give them some information on what the company
10 is about and what they can do within the company if
11 they chose to.

12 Q And if a customer chose to join CMI they would make
13 their monthly purchase and they would receive the
14 coins, and in addition if they wanted to make money
15 they could do that by bringing in other referrals
16 into the company?

17 A Correct.

18 Q And how does that work? Do you receive a
19 commission on any sales that they may make?

20 A There are commissions. Every referral that the
21 person brings in there is a referral fee that that
22 customer or that client does get and that's how the
23 income is made from that.

24 Q Since 1998, '99 or 2001, since the time that you
25 began working with CMI, how many referrals have you

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1 A A portion of it, yes.

2 Q Which portion?

3 A Probably the home-based business section, the table
4 of contents. That's pretty much about it. I
5 haven't seen -- well the mileage log and things
6 like that, but some of the others I don't
7 recognize, I haven't seen.

8 Q But you said you recognize the home-based business
9 part?

10 A Yes.

11 Q Does that include like -- were you referring to
12 these pages in here?

13 A Yes.

14 Q Labeled 10210 through 10212?

15 A Yes.

16 Q Where have you seen that before?

17 A That has been at one of the seminars.

18 Q And do you know who was giving that seminar?

19 A At the time it was probably some of the associates
20 that gave it, that was doing the presentation which
21 it is called, and that's some of the information
22 that they had shown.

23 Q Do you by any chance remember what they said
24 about -- I'm looking at this particular page,
25 10210, it is marked at the bottom, do you by any

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chance remember what they may have said about that,
about the numbers and figures on that page?

A I don't remember. Like I say, it has been awhile
so I really don't remember.

Q I'm going to show you another exhibit that has been previously labeled Exhibit 7. If you could take a look at that document, that would be great. Have you ever seen any of that document before?

A The first page, the page where it says the yearly coin purchase report request, the CMI manual purchase order form and the marketing and training materials. The rest I haven't seen.

Q What is a CMI yearly coin purchase report request?

A Members send a request in to find out how much they paid as far as the purchases for the year so that's a statement that is sent by the data processing center and they send it to them so they can have it for their tax information, if it should apply. So it tells them during a year how much the purchase was and how many, I think this one is where it gives them the amount that they spend on the coins. I don't think it gives them how many coins that they purchase but it gives them the amount of money that they paid for the coins.

Q And this would be the member would be purchasing --

4 Q And it says here, at the top of the page it says
5 this is an expense report. So that would be a
6 report of --

8 Q And that would be, that amount would then be
9 deducted as a business expense for their home-based
0 business?

14 Q If I could go back to the tax seminar that you
15 attended. If you had to summarize, what would be
16 the overall lesson that was taught at that seminar?

17 A The one where I did go Mr. Renfrow did stress that
18 whatever your expenses were don't fabricate on your
19 taxes about that, make sure you put down clearly
20 what you have. If it is a deduction, it is a
21 deduction, if it is not, don't put it on there.
22 That's what he stressed a lot, to make sure that
23 you didn't work in any gray areas as far as your
24 taxes were concerned, in the particular seminar I
25 was in. He said whatever your business expenses

1 couldn't do something else. I'm not -- I know I'm
2 not saying what I need to say. But he never talked
3 about using your coins as a deduction, no, in that
4 particular sense, no.

5 Q Okay. I'm going to give you another document, this
6 one has been labeled Exhibit 9. Have you seen that
7 pamphlet before?

8 A Yes.

9 Q If I could direct you to the second page, there is
10 a list of top 10 reasons not to attend this seminar
11 given. I guess my first question would be, do you
12 know what seminar that was referring to?

13 A It is probably, I guess probably any one that they
14 did at the time. They did weekly seminars, I
15 believe weekly seminars, so it could have been
16 referring to one of those.

17 Q So this pamphlet might have been something that
18 would have been handed out to someone who is
19 thinking about going to a seminar for the first
20 time?

21 A Yes.

22 Q The first seminar that you went to back in 1998 or
23 1999, do you remember if whoever was presenting
24 that seminar ever made any projections about how
25 much money you could make if you chose to become a

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1 customer sales associate with CMI?

2 A No, I don't, I don't remember.

3 Q And as far as the Silver Eagle coins are concerned,
4 what were you told by either Mr. Aldridge or
5 Mr. Renfrow or anybody giving these seminars about
6 whether or not the value of those silver coins
7 would increase or decrease?

8 A We were told that as long as you held on to them
9 the value would increase as time went on, and
10 keeping them in mint condition that they would
11 increase in value.

12 Q And so it was suggested that you hold on to them,
13 correct?

14 A Correct.

15 Q And that was referred to as a tangible asset
16 savings account?

17 A Are you talking about the first time I went?

18 Q Okay, yes, let's start there.

19 A The first time I went, no, that was not, it was not
20 suggested to be a tangible savings asset account,
21 it was just holding on to the coins for future use,
22 I guess hedge against inflation. And it would be a
23 good thing to have. Later on it went into saving
24 the coins as a tangible savings account where you
25 would again hold on to them for the longevity and

1 for a hedge against inflation.

2 Q What is the difference between those two things?

3 A There really isn't. I think as, I guess as the
4 company progressed they decided that that's
5 actually what it was and so they moved forward to
6 doing that in stating that, in making that another
7 part of the program.

8 Q It was just a change in terminology?

9 A Correct.

10 Q Going back to the Exhibit 9, the fifth reason on
11 the top 10 reasons not to attend the seminar list
12 is you already know how to reduce your tax
13 liability on this type of income by 97 percent or
14 more with full disclosure to the IRS. Do you know
15 what that line is referring to?

16 A No more than trying to see if you can -- probably
17 no more than trying to show you how you can reduce
18 your income taxes and staying within the laws of
19 the income tax, that's kind of what I think it
20 would mean. But it may mean something else, I'm
21 not sure.

22 Q Is that a statement that you heard either at
23 seminars or in other places while working at or
24 with CMI?

25 A As I said, if they mentioned it, it has only been

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1 Q That's all I need for that one. When did you first
2 become interested in setting up a trust?

3 A I guess back in '99, I guess, 1999.

4 Q Why?

5 A That was one of the things that CMI was speaking of
6 in one of their seminars about setting up a trust
7 for asset management protection and so I thought at
8 the time it would be a good idea to do that.

9 Q What does asset management protection mean?

10 A Just to make sure that anything that you have --
11 well your assets as far as protecting from any
12 lawsuits, anything like that, anyone may be able to
13 try to go after you on and that's what that was,
14 that and estate planning.

15 Q What does that mean?

16 A The estate planning was really to help you set up
17 your estate as far as when you got ready to retire
18 you could be able to make sure you had everything
19 in place and manage as far as what you needed
20 during retirement.

21 Q So the primary purpose behind these trusts was
22 asset protection?

23 A Correct.

24 Q In the event of a lawsuit?

25 A Correct.

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1 Q Were you particularly worried about being sued?

2 A Not at that time, but I thought at the time to be
3 able to have it set up so that in the future I
4 would have everything set up for my family would be
5 secure, I guess.

6 Q Do you know who gave this seminar where the concept
7 of trust was discussed?

8 A Those are normally discussed as far as, not the
9 trust per se but about asset management stuff is
10 discussed in the workshops that the CMI had.

11 Q And how many trusts did you set up?

12 A It was probably four or five, somewhere around
13 there.

14 Q Probably four or five?

15 A I will say between four and seven.

16 Q Can you name some of them for me?

17 A It was a fiduciary trust which is the business
18 trust.

19 Q What was that called?

20 A The business trust, it was the family trust, the
21 family foundation, I believe, family charitable
22 trust. There was, I think it was three utility
23 trusts in that, and one was set up as far as, had
24 something to do with your automobiles and I can't
25 remember what that was.

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1 Q What did you do to establish these trusts?

2 A There was an educational workshop that I went to
3 and from that workshop was able to set up and
4 develop the information for the trust.

5 Q Was this educational workshop different than the
6 CMI seminar where the concept of trust was first
7 discussed?

8 A Yes, this was different, yes.

9 Q Was this workshop also a CMI workshop?

10 A No.

11 Q It was hosted by a different company?

12 A Correct.

13 Q Do you know what that company was called?

14 A At the time it was, the only initials, NTS. I
15 forget what that stands for but it was NTS at that
16 time.

17 Q What was that? Was that National Trust Services?

18 A That could be it, yes.

19 Q At that workshop you said that you received
20 education in how to set up a trust?

21 A Yes.

22 Q What did they tell you at that workshop about how
23 to set up the trust?

24 A At the time they went through a series of questions
25 for us. They did some explaining of certain things

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1 to us and they took information from us to draw up
2 certain documents in order to establish the trust,
3 and I think that's about it.

4 Q Did you have to pay a fee to go to that workshop?

5 A I don't know if you would call it a workshop, but
6 yes, there was a fee.

7 Q How much was that fee?

8 A It was 10,000.

9 Q \$10,000?

10 A Uh-huh.

11 Q And did you have to pay any other fees in order to
12 establish those trusts?

13 A No.

14 Q So the total cost to you then to establish those
15 trusts was \$10,000?

16 A Yes.

17 Q I'm sorry, tell me again why you wanted to
18 establish these trusts.

19 A Well at the time, as I said I was a widow at the
20 time and I wanted to make sure that I had my assets
21 protected and be able to work toward trying to put
22 money into the trust and make sure that when the
23 time came for me to retire I could do that and do
24 it properly.

25 Q What do you mean by do it properly? What was the

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1 advantage of having a trust as opposed to simply
2 having your money in investments or a savings
3 account?

4 A Well I guess at that particular time making sure
5 that we were able to do that. There could have
6 been some way that we would be able to lessen the
7 tax liability that we had so that was part of it as
8 well.

9 Q Because you said earlier you weren't particularly
10 worried about getting sued at the time.

11 A Not at the time, no.

12 Q Were a lot of people who attended these CMI
13 seminars were a lot of them worried about being
14 sued?

15 A I don't know. I can't speak for those persons.

16 Q Sure. The reason I ask is because it seems to me
17 that \$10,000 is a lot of money to establish trusts.
18 That is a large investment, correct?

19 A I understand.

20 Q I'm going to hand you a document that has been
21 previously labeled Exhibit 4. Do you recognize
22 that document?

23 A Yes.

24 Q Now you said previously that Cordell Hutson is your
25 son, correct?

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1 A Correct.

2 Q Now this is labeled the Declaration of Trust of
3 Hutson Enterprises Trust.

4 A Correct.

5 Q What was the purpose of this trust?

6 A The purpose of this trust was, as I said it is a
7 business or fiduciary trust where this trust would
8 have income coming in for the family trust as a
9 family trust as its beneficiary.

10 Q I'm not sure I understand what that means. What is
11 a fiduciary trust?

12 A Well it is just a trust that does business, that
13 can do business to earn income to support itself
14 or, as I said, the family trust that is its
15 beneficiary.

16 Q Now you say that this trust earns income?

17 A It can through --

18 Q For the family trust?

19 A Yes.

20 Q How does this trust earn income?

21 A It can have I guess businesses, it can through
22 investments, it can -- as for this one right now
23 for me as far as it is concerned I do work for
24 Hutson Enterprises Trust and that's through CMI.

25 Q So you work for the trust at CMI and CMI pays the

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1 trust?

2 A Correct.

3 Q Now what is the purpose of -- what's the purpose of
4 having income go through this trust before it goes
5 to the family trust? Why not just work for the
6 family trust and have the money go directly to the
7 family trust?

8 A Well, this is how that was explained to me.

9 Q Okay. So you just set it up the way they suggested
10 that you set it up?

11 A Correct.

12 Q Now, it states on here that this trust was created
13 by the family trust.

14 A I don't think so. I don't recall.

15 Q I was looking at the top paragraph, it says, "This
16 agreement, conveyance and acceptance is made and
17 entered into at the time and on the date appearing
18 in the acknowledgment hereto attached, by and
19 between the Hutson Family Trust, grantor/creator
20 hereto, and Yvonne P. Hutson and Cordell Hutson,
21 Acceptors hereof in joint tenancy as Trustees who
22 shall comprise the Board of Trustees for conducting
23 the administration of the Trust hereby
24 established."

25 A I don't know.

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1 Q Well on the second page you signed as trustee for
2 the Hutson Family Trust, is that correct?

3 A Okay, I see that.

4 Q And so you are the trustee for the Hutson Family
5 Trust?

6 A Correct.

7 Q And you and your son are trustees for the Hutson
8 Enterprises Trust?

9 A Correct.

10 Q Is he also a trustee for the Hutson Family Trust?

11 A Yes.

12 Q Thank you.

13 (Deposition Exhibit No. 17 was marked for
14 identification.)

15 Q I'm going to show you a document that I will label
16 Exhibit 17. Do you recognize that document?

17 A Yes.

18 Q What is that document?

19 A This is a 1040 tax form for Hutson Family Trust.

20 Q Who prepared this tax form?

21 A Mr. Renfrow, Ideal Tax Services.

22 Q How did that process work? Mr. Renfrow obviously
23 is in North Carolina, you live around here, so I'm
24 assuming that you guys did not meet in person to go
25 over your tax forms, would that be a good

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1 assumption?

2 A Correct.

3 Q So how would you go about getting him to prepare
4 your tax returns?

5 A I would send him information that he had sent me in
6 the manual that you had shown me earlier, but that
7 particular manual I don't recall having all of that
8 information, but he did send me forms or worksheets
9 that I would put the information on and send it
10 back to him and we would talk and discuss over the
11 phone what was proper and what was not so that's
12 how I was able to give him information for my
13 taxes.

14 Q Now on the very last page of this tax return is the
15 schedule K1, and could you just confirm for me that
16 the -- what is the address listed for the Hutson
17 Family Trust?

18 A It is 6104 Kentucky, Raytown, Missouri 64133.

19 Q Is that the address for all of the trusts that you
20 established?

21 A Correct.

22 Q That is your personal residence?

23 A That is the headquarters for the trust. I don't
24 call this a personal residence per se for me.

25 Q But that's where you live?

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1 A Correct.

2 Q By the way, how do you pronounce the name of your
3 town?

4 A Raytown.

5 Q Raytown. I have been very curious about that.

6 Thank you.

7 (Deposition Exhibit No. 18 was marked for
8 identification.)

9 Q I'm going to show you another document. Could you
10 take a look at that and let me know if you
11 recognize what that is.

12 A Yes, this is a 1041 tax return for Hutson Family
13 Trust.

14 Q This return would also have been prepared by
15 Mr. Renfrow?

16 A Correct.

17 Q If I could ask you a couple of questions based on
18 the information provided on the page labeled Other
19 Deductions Statement, it is the second to the last
20 page. I was just hoping to go through the list of
21 these deductions that are claimed. The first one,
22 trust headquarters insurance, that would be the
23 insurance on the building at 6104 Kentucky?

24 A Correct.

25 Q And that would be the same thing for the second

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1 listed deduction, trust headquarters utilities?

2 A Correct.

3 Q What would be administrative supplies?

4 A Probably anything that was used for -- probably
5 postage, paper, stuff like that that is used for
6 the trust.

7 Q I'm assuming bank fees are the fees for whatever
8 checking accounts and savings accounts the trust
9 had, is that correct?

10 A Correct.

11 Q Journals and subscriptions, what is that item?

12 A That would deal with any publications that the
13 trust got as far as any, I guess any educational
14 tools or information that it needed to have.

15 Q Well in 2003 do you remember what journals and
16 subscriptions the trust received?

17 A At this time no, I don't.

18 Q Line 7, the item listed is trust headquarters
19 telecommunications. What is that item?

20 A Phones and probably whatever, cable, phones and
21 cable.

22 Q Cable. Okay. Line 8, trustee meetings, what is
23 that expense?

24 A Where I went to some of the seminars and workshops
25 and any business probably that the trust had to do

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1 during that particular time.

2 Q And then line 9, the trust headquarters property
3 tax, would that be the state and local taxes on
4 6104 Kentucky?

5 A Correct.

6 Q On the next page, the next item listed is outside
7 services and cleaning in parenthesis. Is that also
8 for 6104 Kentucky?

9 A Yes.

10 Q The next line, trust auto, what does that expense
11 refer to?

12 A That is for the lease of the automobile.

13 Q What automobile does the trust own or lease?

14 A Well at the time it was paying for the car that was
15 purchased as far as me using it going back and
16 forth to work and so that was the lease on the car
17 for that.

18 Q What kind of automobile is that?

19 A That was a Q45.

20 Q Infiniti?

21 A Infiniti, '98, 1998.

22 Q But that was the automobile for the trust?

23 A Correct.

24 Q Did you, in your personal capacity, own an
25 automobile?

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1 A No.

2 Q Next line says trust headquarters maintenance.

3 Would that just be -- I don't know.

4 A Probably the maintenance on the building as far as
5 any repairs, roofing, plumbing, things like that.

6 Q And then finally two lines beneath that, trustee
7 benefits, what would those refer to?

8 A Probably the, could have been the -- either any
9 income that was used for any personal expenses,
10 things like that.

11 Q Who are the beneficiaries of the Hutson Family
12 Trust?

13 A My children.

14 Q And does the trust make regular disbursements to
15 the beneficiaries?

16 A No.

17 Q So when, according to the trust documents, when do
18 the beneficiaries receive any disbursements?

19 A At this time they have not unless I -- not I,
20 unless the trustees decide to dissolve the trust
21 and they wouldn't receive disbursements.

22 Q I'm sorry, unless the trustees decide to dissolve
23 the trust?

24 A As far as I know it is unless the trustees decide
25 that they want to dissolve these trusts, and

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1 probably talking with the beneficiaries if that so
2 happens then yes, it would probably be business
3 disbursements to the beneficiaries at that time.

4 Q But if the trust is not dissolved, if the trust is
5 not dissolved, if it remains intact, what do the
6 beneficiaries receive?

7 A At this point, nothing.

8 Q Will they at some point in the future?

9 A Yes, once the trust becomes more solvent, I
10 believe, then they probably would be receiving
11 disbursements, yes.

12 (Deposition Exhibit No. 19 was marked for
13 identification.)

14 Q I show you another document, this one is going to
15 be labeled Exhibit 19. The building at 6104
16 Kentucky, could you describe it, please?

17 A It is a tri-level building, two car garage,
18 driveway, back yard, front yard, four bedrooms, two
19 and a half baths, kitchen, dining room.

20 Q So the legal description of it, the county or the
21 city would consider it a single family dwelling?

22 A I would say yes.

23 Q I'm going to show you another document, this one
24 has been labeled Exhibit 19. Do you recognize that
25 document?

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1 A Yes.

2 Q What is that document?

3 A Hutson Enterprises Trust 1041 tax form.

4 Q At the bottom of the page it says that it was
5 prepared by Ideal Tax Services. You understand
6 that to be Raymond Renfrow, is that correct?

7 A As far as you mean the company itself?

8 Q Or when it says Ideal Tax Services, to you when you
9 see Ideal Tax Services, who do you think prepared
10 your return?

11 A Mr. Renfrow.

12 Q That's all I meant. On the schedule C that is
13 attached to Hutson Enterprises Trust it states that
14 the principal business or profession is consultant
15 and financial education. I will wait for you to
16 find what I'm looking at. It is the second to the
17 last page. I just want to confirm that that's your
18 work with CMI?

19 A Where is that at now again?

20 Q The second line where it says the business is
21 consultant and financial education.

22 A Okay.

23 Q That's the work with CMI?

24 A Correct.

25 Q I just wanted to confirm that. 6104 Kentucky, at

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1 the time that you founded these trusts at that time
2 you were the owner of 6104 Kentucky?

3 A Correct.

4 Q And that has since been transferred to the Hutson
5 Family Trust?

6 A Correct.

7 Q And what other property was transferred to the
8 Hutson Family Trust?

9 A Basically that was it as far as contents of the
10 home. Other than that, that was it.

11 Q So the things inside of the home were also
12 transferred to the trust?

13 A Correct.

14 Q Including, I'm assuming that that would include
15 furniture and the television and appliances and
16 various types and stuff like that?

17 A Yes.

18 Q You said also that the trust received ownership of
19 the vehicle?

20 A No, it has not.

21 Q It has not.

22 A No.

23 Q So the vehicle remains titled in your name?

24 A Correct.

25 Q So on the tax return that we were looking at a

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1 moment ago where it said where the trust deducted
2 auto expenses as a trust expense, is that because
3 the vehicle was being used for trust purposes?

4 A Correct.

5 Q And what are the official trust purposes of the
6 Hutson Family Trust?

7 A To do anything that the trust family needs as far
8 as a trustee, doing the errands, taking care of
9 business for the trust, and whatever meetings and
10 things that the trustee needs to do that's what is
11 done. I think that's about it.

12 Q Is it safe to say that one of the purposes of the
13 Hutson Family Trust is to maintain the household
14 and to do, to get done day-to-day chores and
15 activities that the family requires?

16 A Correct.

17 Q And so if you were to go grocery shopping, for
18 example, you would use the same vehicle that you
19 would use to go to work, correct?

20 A Correct.

21 Q And would going grocery shopping be considered a
22 trust activity or a personal activity?

23 A It would depend. If it was for the family as far
24 as food and things like that, it would be a trust
25 business. If I was doing something as far as you

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1 say personal, then it would be personal. So the
2 one vehicle, so that would be split duties, I
3 guess, if you want to call it that.

4 Q Well how do you decide whether something is for the
5 purpose of the trust or personal?

6 A Well, as I said, making sure -- well I try to make
7 sure that what I'm doing is for trust business. If
8 it is personal, then I should be able to handle
9 that personally. So I guess that's kind of how I
10 try to determine what I need to do as a trustee.

11 Q But if the purpose of the trust or if part of the
12 purpose of the trust is to maintain the house and
13 provide for your children and stuff like that,
14 doesn't just about everything you do in one way or
15 another help that goal?

16 A Help the goal for?

17 Q Of providing for the family and maintaining the
18 home?

19 A I guess I would say yes. I'm not quite sure if I
20 understand.

21 Q I don't know the age of your children but if, for
22 example, you were to pick up a child after school.

23 A I see what you are saying.

24 Q That would be helping to provide for the family so
25 would that therefore be a trust activity?

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1 A Correct, correct.

2 Q Now, you are one of the trustees for the Hutson
3 Enterprises Trust?

4 A Correct.

5 Q And you stated I believe, correct me if I'm wrong,
6 that Cordell Hutson is also one of the trustees on
7 that trust?

8 A Correct.

9 Q Are there any other trustees for the Hutson
10 Enterprises Trust?

11 A No.

12 Q Who are the trustees for the Hutson Family Trust?

13 A The same.

14 Q What about for the family foundation?

15 A They are all the same.

16 Q They are all the same?

17 A Correct.

18 Q And you were the individual who initially created
19 all of these trusts, like at the very beginning you
20 would have been the grantor, correct?

21 A Correct.

22 Q What types of limitations have the trusts placed on
23 your use of the property that have been transferred
24 to the trust?

25 A As far as I know there are none, no more than

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1 maintain the property, keeping up and managing what
2 needs to be done on a daily basis, that's it.

3 Q You state or you just stated as far as you know
4 there are no limitations on your use of the
5 property. Have you and your son ever disagreed on
6 how to use trust property?

7 A No.

8 Q Do the trust documents that you established place
9 any limitation on your ability to dispose of the
10 trust property?

11 A Yes.

12 Q What limitations have been placed upon you?

13 A There has to be consensus from both trustees,
14 myself and my son.

15 Q And any other limitations other than that?

16 A Not that I know of.

17 Q If you were to receive, if hypothetically something
18 were to come up and you wanted to relocate to St.
19 Louis or Chicago or somewhere, what steps would you
20 have to take in order to put the house at 6104
21 Kentucky on the market?

22 A I don't know. That's something I never thought
23 about, the trust never thought about, the trustees
24 never thought about, so I don't know what the
25 process would be.

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1 Q But would you be able to do that?

2 A I believe the trustees could. We would have to
3 look at what the documents say as far as doing
4 that. Again, like I said, I don't know.

5 Q Well let me ask you the same question about a
6 different thing. If you decide that you want to
7 purchase a new television and you want to get rid
8 of your old television, what steps do you need to
9 go through to have a garage sale or something or to
10 sell the old television on eBay?

11 A Again, as I said, I don't know. Again none of this
12 has ever come up. My assumption would be that the
13 trustees would get together to agree or decide on
14 what needed to be done as far as a new TV within
15 the premises and go from there. But the process
16 I'm not sure of how that is to be done.

17 Q Have you made any purchases since setting up the
18 trust?

19 | A Yes.

20 Q And what process did you go through?

21 A Well again, we spoke and decided that the trust or
22 the headquarters needed certain items so we just
23 went on and did that, purchased that.

24 Q What were those, or give me an example of some of
25 those items that the headquarters needed?

1 Q So that would be the source of your personal funds?

2 A Correct.

3 Q You said that was a small pension.

4 A Correct.

5 Q So the majority of your money goes through the
6 Hutson Enterprises Trust?

7 A Okay, I'm not understanding you now.

8 Q What is the more significant source of income, the
9 pension or the money that is made working for the
10 Hutson Enterprises Trust?

11 A The pension.

12 Q Okay. I guess I never got around to giving you
13 that. I'm giving you a document labeled Exhibit 3.
14 I don't have any questions about this document, I
15 was simply hoping that you could verify for me what
16 it is.

17 A This is the declaration of trust. It says this
18 declaration of trust authorizes the trustees to
19 operate under the name of Hutson Family Trust and
20 this is duties for the trustees and how you should
21 go about handling and managing the trust.

22 Q So you recognize this document as being the
23 document that set up the Hutson Family Trust?

24 A Yes, a portion of it, yes.

25 Q Actually I did have one question. On the very

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1 front here do you know whose signature that is?

2 A That's looks like Roy Fritz.

3 Q Roy Fritz. Who is he?

4 A At the time he was one of the trustees as far as
5 when we did these documents.

6 Q So he was someone associated with National Trust
7 Services?

8 A Yes, sir.

9 Q And so he became one of the first trustees of the
10 Hutson Family Trust?

11 A Yes.

12 Q How long was he a trustee?

13 A Not very. I think that was done maybe three or
14 four days, something like that. I don't remember.

15 Q And then would that have been when you became the
16 second trustee?

17 A I believe so.

18 Q All of these documents I have been showing you
19 there, they are from several years ago. Are all of
20 these trusts still in operation?

21 A The only ones that are is the just the -- there is
22 only activity in the Hutson Enterprises Trust and
23 Hutson Family Trust. The other ones there is no
24 activity.

25 Q Now, the way that you set up your trust through

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1 National Trust Services, did you depart in any way
2 from what was recommended to you?

3 A I don't believe I did.

4 Q So are the trusts that you set up, are these
5 typical trusts as far as what CMI recommends to
6 people?

7 A Are we talking about now or then?

8 Q Well, both.

9 A As far as I know -- I believe they had changed as
10 far as who they referred to because I think NTS no
11 longer was in, was no longer doing this, I believe,
12 around 2000. So as far as I know CMI did not, as
13 far as I know did not recommend any, how should I
14 say, no, they didn't recommend any of these trusts,
15 no, no.

16 Q CMI didn't recommend any of them?

17 A No. That would have been through probably Liberty
18 Commerce Group is the ones who referred persons for
19 the information as far as going in to trust.

20 Q Liberty Commerce Group, is that a local
21 organization?

22 A That's an affiliate company of CMI.

23 Q Do you know who runs Liberty Commerce Group?

24 A It is a management group, the trustee I believe is
25 Mr. Aldridge.

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1 Q I guess what I was asking though is not necessarily
2 did CMI specifically recommend this, but when you
3 went to the seminars for CMI and discussed asset
4 protection through the establishment of trusts and
5 they referred you to NTS, was this the general
6 idea? Why were these the types of trusts they were
7 discussing?

8 A I'm not sure how to answer that. Yes and no.

9 Q How would it be different?

10 A They, in the workshop, not the seminar, but the
11 workshop, they did show a structure of the trust
12 that you could set up in that part, yes, they did,
13 they showed that through the workshop, yes.

14 Q Well let me ask that same question a different way.
15 Is there anything that CMI said that you have to do
16 in order for a trust to be legitimate and set up
17 legally that you did not do?

18 A No.

19 Q Now your tax returns I believe for 2002 and 2003
20 were audited by the IRS, correct?

21 A Yes.

22 Q What was the result of that audit?

23 A I went on and paid the taxes for '03 and '04
24 because they changed that from the 1041 to the 1040
25 as personal income so I went on and paid the '03

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1 and '04. And the '02 that's still pending. I did
2 a petition on that one so it is still pending.

3 Q Now did that pose -- when they adjusted your
4 income, were you able financially to cover the
5 change or did that pose a financial hardship for
6 you?

7 A It posed a financial hardship.

8 Q But you have succeeded in paying that?

9 A Yes.

10 Q Now, as a result of that audit have you altered the
11 way that, in the year since, have you changed the
12 way that you prepared your taxes?

13 A From what the IRS did, yes, for '05 and '06 and '07
14 I have changed it according to the change in '03
15 and '04, yes.

16 Q Do you believe that the IRS was incorrect in what
17 they did?

18 A I still do but, as I said, I'm trying to make sure
19 that I do what I need to be done so I can kind of
20 get past all of this. So I did file according to
21 how they had amended for '02, '03 and '04.

22 Q Last couple of questions. Do you still work over
23 at the Learning Center?

24 A Yes.

25 Q Do you know at the moment is everything there

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1 business as usual?

2 A Yes.

3 Q So does CMI still have seminars scheduled for the
4 next couple of months?

5 A No.

6 Q No. Okay. So that wouldn't be, that would not be
7 business as usual, correct?

8 A In that sense, correct. As far as the workshops
9 are concerned, those have not been done, and as far
10 as I know none have been scheduled for in the
11 future.

12 Q Now, is that because of Mr. Aldridge's situation?

13 A I believe so, yes.

14 Q But other than that, the members are still
15 continuing to make their monthly purchases and are
16 still receiving the coins and will continue to do
17 so?

18 A Correct.

19 MR. NOYES: I think those are all the
20 questions that I have. I do thank you again for
21 coming by here and I apologize for any
22 inconvenience.

23

24

25

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C E R T I F I C A T E

STATE OF MISSOURI.)
) ss.
 COUNTY OF JACKSON)


I, ALISON A. TRACY, a Certified Court Reporter, do certify that pursuant to Notice, at the offices of the United States Attorney, 400 East 9th Street, Fifth Floor, in the City of Kansas City, in the County of Jackson and State of Missouri,

YVONNE PATRICIA HUTSON

came before me, was duly sworn to testify the whole truth of her knowledge of the matters in controversy aforesaid, was examined and her examination then written in stenotype by me and afterward typed, and subscribed by the witness as hereinbefore set out, on the day in that behalf aforesaid; and said deposition is herewith returned.

I further certify that I am not counsel, attorney or relative of either party, or clerk or stenographer of either party or of the attorney of either party, or otherwise interested in the event of this suit.

IN WITNESS WHEREOF, I have hereunto set my hand at my office in said County and State, this 13th day of February, 2008.


 ALISON A. TRACY, CCR #554
 CERTIFIED COURT REPORTER
 STATE OF MISSOURI

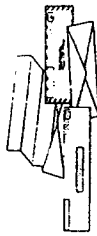
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Additional Benefits:

- ◆ **Additional Income Strategies** - Teaching you how to use your existing team to Double your earnings.
- ◆ **Investment Strategies** - Discover how to make your money work for you, instead of you working for your money.
- ◆ **Tax Planning Strategies** - Learn how to keep more of the money you earn.
- ◆ **Charitable Giving Strategies** - Teaching you how to make money by giving money to your favorite charity.
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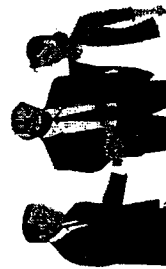
Personal Invitation



You are Welcome to join the **SILVER STREAK** program provided:

- ◆ Your decision is based on the desire to achieve the **Goals** of the **SILVER STREAK** strategy.
- ◆ You make a **Commitment** to the **Task** of the **SILVER STREAK** program.

The SILVER STREAK program produces important income in Silver Eagles and Cash. A Serious Effort will be required on everyone's part to make it happen.



"Working Together Works!"

CMI urges you to get started **Now**, by sharing in the success of the many CMI members, through attending the **CMI Business Plan Seminar** in your area **Today!**

SILVER STREAK

What would you be willing to do to earn over \$100,000 during the next 12 Months?

In addition, CMI will teach you how to:

ACQUIRE

a Precious Metals portfolio of Silver and Gold at No Out-of-Pocket Cost!

EARN

18% to 40% APY, with an Exclusive Mutual Fund and Investment Account!

REDUCE

your Taxes on these Earnings by 97% with Full Disclosure to the IRS!

CREATE

an Income by Giving money to your Favorite Charity!

PROTECT

your Personal Assets and New Business from Lawsuit and Probate!

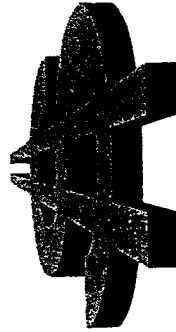


Exhibit No. 16
Date: 2-11-08 at

"A DIFFERENT ECONOMIC REALITY"

GOVERNMENT
EXHIBIT

E-16

COMMITMENT\$\$\$\$\$\$\$\$\$\$\$\$\$

Would you trade 6 months of COMMITTED EFFORT to start earning over \$100,000 a year or more?
☐ YES ☐ NO

Are you willing to make (2) new \$80 SILVER STREAK purchases every month for the next 12 months?
☐ YES ☐ NO

Are you willing to sell to 6 people (2) new \$80 SILVER STREAK orders every month for the next 12 months?
☐ YES ☐ NO

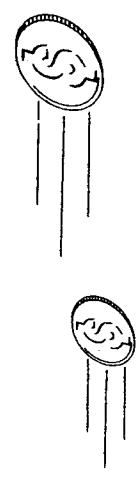
Are you willing and able to find 6 people in one month who will make this same commitment?
☐ YES ☐ NO

Will you train the people you sponsor to make this presentation?
☐ YES ☐ NO

Will you work with your people until they are comfortable making this presentation?
☐ YES ☐ NO

- Encourage each new team member to establish a positive cash flow as quickly as possible, to cover their BDA.
- Remember, if you and everyone in your sales organization makes a minimum of six (6) sales their first month, you could earn over \$8,000 your fourth month in the business...minimum!
- Stress to your team that they can have a regular monthly commission check that grows each month.
- Secure your regular check as quickly as possible with our BDA system.
- Keep in touch with your sales team each week.

The SILVER STREAK is for people who want to accumulate Silver Eagles and commission checks every month as quickly as possible. Make sure this is the goal of every person on your sales team!



SILVER STREAK

--Minimum Requirements--

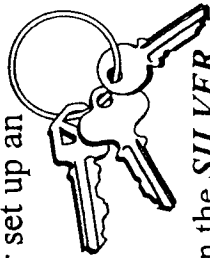
1. You must be an existing customer of CMI to participate in the SILVER STREAK program. (The ABN meets this requirement.)
2. You must make two (2) \$80 SILVER STREAK purchases each month.
3. You must make a minimum of six (6) personal sales who duplicate your efforts.

SUGGESTIONS

• LOCK IT IN!

Optional Bank Draft Agreement (BDA)

CMI offers the option to send in your purchase each month with our Manual Purchase Order form or set up an automatic BDA.



BDA Benefits:

1. You must **buy** and **sell** every month in the **SILVER STREAK** sales strategy for this strategy to work. If you or your CSA team misses their purchase, this will cause a skip in your commissions. With the **BDA** system your sales are **locked in**, therefore your **income is locked in**!
2. With your full team **locked** into the **BDA** system, your income will **increase** every month without new people. This means the projected income figures represents the **least** your income will be!
- **Keep your presentation simple**, let them get the details in the full seminar.
- **Go see your prospect**, don't ask them to come to you. This is a very simple presentation to give. You will have a formal presentation as your back up if your prospect needs additional detailed information.
- Make six (6) **personal sales as quickly** as you can. Work with your **direct line**; the other commissions will take care of themselves.

If you and your sales team will do the

- *Making the commitment*
- *Purchasing every month*
- *Selling every month*
- *Training your people*
- *Working with your people*

You may refer to the following summary chart to see your projected earnings.

6 MONTH EARNINGS SUMMARY

MONTH	SILVER EAGLES	OUT-OF-POCKET PURCHASE	NET EARNINGS
1	9	\$160	\$240.00
2	27	\$160	\$960.00
3	27	\$160	\$2,346.00
4	45	\$160	\$8,610.00
5	90	\$160	\$10,698.00
6	42	\$160	\$15,408.00
6 Month Totals	240	\$960	\$38,262.00

Deductions for processing fees are not reflected.

\$15,000.00 each month for the next 6 months is
 $\$90,000.00 + \$38,000.00 = \$128,000.00$

\$128,000.00 within a Year!



Plus over 500 Silver Eagles!!

ANALYSIS\$



The Program:

1. Purchase **two (2) \$80 SILVER STREAK** coin orders each month.
2. Sell **six (6) people, two (2) \$80 SILVER STREAK** coin orders each month.

Can you find:

1. A minimum of **six (6)** people who want to be earning **\$15,000.00** per month in only **6 months**?
2. A minimum of **six (6)** people who will make their **purchase** each month and their minimum **sales** each month? (This is what it takes to make it happen.)
3. A minimum of **six (6)** people who believe the commissions earned are worth the time, expense and commitment involved in the effort?

Consider:

1. You could be earning **\$15,000** per month from a total sales cost of **only \$160** a person, with the minimum number of people on your sales team. (**1,554 CSAs**)
2. **Six (6) personal sales** is the **minimum goal** for each person, every person beyond the minimum **greatly accelerates** your earnings.

3. Substantial gross monthly commissions (**\$1,520**), are generated as soon as **comm. (1)** and **comm. (2)** sales are in place. This means that a small sales team of **42** people can generate these significant commissions.

4. The **greater** the potential income, the **greater** the motivation for a person to become involved.

<u>net per month</u>	<u>net per year</u>	<u>commissions in place</u>
\$960	=	\$11,520 (1 and 2)
\$2,346	=	\$28,152 (1 + 2 and 3)
\$8,610	=	\$103,320 (1 + 2 + 3 and 4)
Still over \$100,000 per year income!		

5. **SILVER STREAK** should exclude those who cannot make a **commitment** to make **two (2) \$80** dollar purchases each month.

6. A person must be **willing** and **able** to enlist their six (6) regular CSAs **quickly** to generate a **positive cash flow**.
Time is of the essence!

These last two points should describe the type of prospect you should approach with this program.

Final Analysis:

\$\$ A person will have a **Positive Cash Flow** plus **Silver Eagles** as soon as he/she makes his/her six (6) sales!

\$\$ In **Month 1** you will receive your **Out-of-Pocket** cost back, plus a **profit** and **9 Silver Eagles!**

\$\$ After **1 Year** your income will exceed **\$200,000** a year plus over **500 Silver Eagles!**